

Message Text

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ACTION AF-06

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FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC 6462

INFO AMCONSUL ASMARA

AMEMBASSY NAIROBI

LIMITED OFFICIAL USE ADDIS ABABA 11553

E.O. 11652: N/A

TAGS: EINV ET

SUBJECT: STATUS OF EPMG COMPENSATION LAW FOR NATIONALIZED FIRMS

REF: A)ADDIS ABABA 6432; B) ADDIS ABABA A-158

1. EMBASSY OFFICER MET WITH TADESSE GABRE KIDANE, VICE
VGOVERNOR OF THE NATIONAL BANK AND DE FACTO CHAIRMAN OF EPMG
COMMITTEE ON COMPENSATION, ON SEPTEMBER 24. TADESSE MADE
FOLLOWING POINTS REGARDING EPMG COMPENSATION TO NATIONALIZED
FIRMS:

A. THE COMPENSATION COMMITTEE COMPLETED ITS DRAFT COMPENSATION
LAW OVER TWO MONTHS AGO. THE REPORT WAS THEN SUBMITTED TO THE
COUNCIL OF MINISTERS FOR THEIR CONSIDERATION BUT DUE TO THE BULK
OF WORK BEFORE THE COUNCIL, THE DRAFT HAS NOT YET BEEN CONSIDERED.

B. THIS DELAY IS UPSETTING TO TADESSE AND OTHER MEMBERS OF THE
COMMITTEE WHO WORKED OVERTIME TO PREPARE THE DRAFT UNDER
PRESSURE FROM THE EPMG. TADESSE INDICATED HE HAS RECENTLY
SPOKEN TO OFFICIAL IN CHARGE OF COUNCIL OF MINISTERS AGENDA IN
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AN ATTEMPT TO PLACE COMPENSATION DRAFT BEFORE THE COUNCIL.

DUE TO THE NUMBER OF IMPORTANT ISSUES AWAITING THE COUNCIL'S ATTENTION, SUB-COMMITTEES ARE REPORTEDLY BEING FORMED TO SPEED UP THE PROCESS. ONCE APPROVED BY THE COUNCIL OF MINISTERS, THE COMPENSATION DECREE MUST BE APPROVED BY THE PROVISIONAL MILITARY ADMINISTRATIVE COUNCIL. TADESSE EXPRESSED HOPE THAT PMAC MEMBERS MIGHT PARTICIPATE IN CONSIDERATION OF DRAFT BY COUNCIL OF MINISTERS THUS SPEEDING UP THE PROCESS. HE SAID HE WAS OPTIMISTIC THAT COMPENSATION ISSUE WOULD SOON BE CONSIDERED BY COUNCIL OF A SUB-COMMITTEE ALTHOUGH HE DECLINED TO GIVE ESTIMATED DATE FOR FINAL APPROVAL OF LAW.

C. COMPENSATION COMMITTEE IS CONTINUING TO MEET TO WORK ON QUESTIONS RELATED TO COMPENSATION ALTHOUGH BASIC REPORT REMAINS AT COUNCIL OF MINISTERS AWAITING CONSIDERATION. EXAMPLES GIVEN BY TADESSE OF SUBSIDIARY ISSUES THE COMMITTEE IS STUDYING ARE IMPACT OF NATIONALIZATION OF URBAN AND RURAL LAND UPON COMPENSATION OF NATIONALIZED FIRMS AND COMPENSATION FOR NATIONALIZED HOUSES. TADESSE NOTED THAT SUCH TECHNICAL QUESTIONS WERE LESS URGENT THAN BASIC COMPENSATION POLICY AND AS A RESULT COMMITTEE WAS MEETING ON A LESS REGULAR BASIS.

2. TADESSE DECLINED TO DISCUSS
NTMFT OF COMPENSATION DRAFT
BEYOND NOTING IT REPRESENTED A "FAIR" SCHEME.

3. EMBASSY OFFICER NOTED THAT USG WAS CONCERNED OVER DELAY IN ISSUANCE OF COMPENSATION POLICY STATEMENT. TADESSE SAID HE UNDERSTOOD AND THAT HE WAS ATTEMPTING TO PUSH ISSUE THROUGH COUNCIL OF MINISTERS AND PMAC.

4. COMMENT: EMBASSY FEELS THAT DELAY IN FORMAL APPROVAL AND ISSUANCE IN COMPENSATION POLICY IS RELATED TO EPMG PREOCCUPATION WITH OTHER IMPORTANT ISSUES AND PREPARATIONS FOR RECENT REVOLUTION DAY CEREMONIES RATHER THAN ANY DELIBERATE ATTEMPT TO AVOID FACING COMPENSATION ISSUE. WE WILL CONTINUE TO RAISE ISSUE WITH EPMG OFFICIALS TO RE-EMPHASIZE THE IMPORTANCE WE ATTACH TO THIS ISSUE.
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